



MISSOURI TIMBER PRICE TRENDS

July-Sept., 2009, Vol. 19 No. 3

Missouri Department of Conservation, Forestry Division

Statewide Stumpage Prices (see Note 1, below)

	High	Low	Avg.	Last Qtr.	Last Yr.	Vol.	# of Rpts.
Sawlogs							
Oak (mixed species)	\$165	\$65	\$140	\$140	\$115	3,713 Int. - MBF	8
Red oak (group)	\$165	\$105	\$150	\$135	\$135	1,586 Int. - MBF	6
S Yellow Pine	\$75	\$70	\$75	\$80	\$80	14 Int. - MBF	2
White oak (group)	\$175	\$160	\$160	\$125	\$85	150 Int. - MBF	4
Stave Logs							
White oak (group)	\$420	\$420	\$420	\$295	\$150	1 Int. - MBF	1

Statewide Salvage Prices (see Note 2)

	High	Low	Avg.	Vol.	# of Rpts.
Pulpwood					
Mixed Hardwoods	\$6	\$6	\$6	2 Int. - MBF	2
Sawlogs					
Hickory	\$100	\$100	\$100	1 Int. - MBF	1
Mixed Hardwoods	\$205	\$35	\$96	3,972 Int. - MBF	10
Oak (mixed species)	\$150	\$80	\$135	2,129 Int. - MBF	6
Post Oak	\$100	\$65	\$94	5 Int. - MBF	2
Red oak (group)	\$139	\$100	\$100	86 Int. - MBF	3
S Yellow Pine	\$81	\$81	\$81	2 Int. - MBF	1
Shortleaf Pine	\$25	\$16	\$16	14 Int. - MBF	2
Walnut, Black	\$200	\$200	\$200	8 Int. - MBF	1
White oak (group)	\$136	\$100	\$106	6 Int. - MBF	2

Note (1): Due to the economic situation in Missouri and the rest of the country, very few timber sales were reported this quarter. We have combined this quarter's sales with last quarters and listed only the statewide results in this publication.

Note (2): Due to the storm activity this spring and summer, a high number of salvage sales were reported. We have listed the statewide salvage sale prices in this publication. If this fulfills a need, we will continue to report these kinds of sales in the future.

Averages are based on received reports. Refer to the column headed “# of Rpts.” to get a gauge of how accurate the average prices may be. (“# of Rpts.” refers to the number of sales including a particular species and may sum to more than the number of sales.) Changes since last quarter and last year should be read with caution as the number of reports varies each year and quarter. This report can only be used as a general guide for determining market value of timber. General market and economic conditions, as well as local considerations such as accessibility, terrain, sale size, and tree size and quality also affect the price paid.

Note: All prices and volumes are reported in International ¼” MBF Scale. To convert to Int.-BF prices or volume, divide by 1,000. To convert volume from Int.-MBF to Doyle MBF, divide by 1.2. To convert prices from Int.-MBF to Doyle MBF, multiply by 1.2.

Foresters reported stumpage prices resulting from 11 timber sales and over 20 salvage sales containing over 4,000 MBF located throughout the state.

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If you no longer wish to receive this publication, please email Donna or mail your request to: Donna Baldwin, Forestry Division, PO Box 180, Jefferson City MO 65102.

Editor’s Note

Remember that one of the most valuable sources for information on log and timber markets is the local Missouri Department of Conservation Resource Forester or your Consulting Forester. Contact the nearest Forest District office for up-to-date, local advice. The Missouri Department of Conservation's Forestry Division, (573) 751-4115, will be happy to provide you with the name and address of the Resource Forester or MDC Regional Office nearest to you. You can locate a Consulting Forester by visiting the Mo. Consulting Forester's Association web site at: www.missouriforesters.com or by visiting the Private Land Assistance page of the MDC website <http://mdc.mo.gov/landown/> and clicking on the “Conservation Assistance Contractors” link.

Tom Treiman and John Tuttle, Editors

Note: A “sale” often includes several different species so the number of sales may be less than the “# of Rpts.” (number of reports) listed in the tables.

Tree Scale Conversion Factors

Sawlogs - Veneer Logs	Int'l = Doyle x 1.2
Pulpwood Pine	5,200 lbs/cord
Hardwood (hard)	5,600 lbs/cord
Hardwood (soft)	4,200 lbs/cord

News from Missouri

The Master Logger Certification (MLC) program is now up and running. On October 17th Greg Brinkley from Piedmont and Shannon Jarvis from Potosi became Missouri's first two Master Loggers. Both Shannon and Greg have demonstrated that they are practicing the standards of the MLC program.

The MLC program is a third party audit program that is being administrated by Missouri Forest Products Association (MFPA). There is an independent board that oversees the program and determines if a logger should be in or out of the program.

The requirements of the MLC program are many. There are seven areas of responsibilities a logger must uphold: (1) Protect Soil Productivity and Water Quality; (2) Comply with Acceptable Forest Management Practices; (3) Safety; (4) Education/Training; (5) Regulatory Compliance; (6) Employ Sound Business Practices; and (7) Document Harvest Operations Planning. All of these responsibilities are taught in the current logger training program. The MLC program verifies that the logger is doing what he has been taught. If he is not complying with the areas of responsibilities then the MLC board can remove him from the program.

To become a Master Logger, a logger must contact the MFPA and fill out the necessary forms. An interview with the program administrator will follow and if the logger passes the interview process, then auditors will be sent out to look at several past timber sales to see if the logger has been practicing the requirements of the MLC program.

In short, the MLC program is avenue for the Best of the Best loggers to showcase that they are good stewards of the forest. If they do comply with the program requirements then they will be removed from the program.

Landowners can be assured that they are getting more than a logger when they contract with a Master Logger. Landowners are receiving services from the logger. The landowner will be given the best advice on how to cut the timber and protect the resources on the woodlot.

For more information on the Master Logger Certification program visit MFPA's website at <http://www.moforest.org/education/masterlogger.html>.

If you have any questions concerning the forest products industry you can give me a call. John Tuttle (573)522-4115 ext 3304

Economics 101

Recent figures on home sales and manufacturing activity suggested that economic recovery was likely to occur in fits and starts because of high unemployment, a mercurial stock market and shaky consumer demand.

"It's not going to be smooth," said Bernard Baumohl, managing director of the Economic Outlook Group, who is expecting a strong rebound. "We will be moving three steps forward and one step back. But on the whole, I expect this recovery's going to be moving upward."

Reports showed that consumer sentiment rose this week to its highest levels since the start of 2008 and that new-home sales edged up for a fifth consecutive month, but other barometers of the economy revealed uncertainties. The U.S. housing industry

remains depressed, but its recovery is critical to restore household wealth and consumer confidence, strategists say.

"We expect a very sluggish recovery," said Cliff Waldman, an economist at the Manufacturers Alliance/MAPI. "It's more than just a downturn. You had a collapse in the housing market, and a near collapse in the financial system."

Factories and industrial businesses have gradually been ramping up production and hiring part-time workers in some areas as they begin rebuilding their depleted inventories. Most economists say they believe the economy has now technically pulled out of recession, and are expecting businesses to expand in the second half of the year.

Still, that recovery is likely to be jagged, marked by high unemployment and questions about whether consumer or business spending will bounce back or remain subdued.

Meanwhile, a Reuters-University of Michigan survey showed that consumer sentiment rose in September as consumers said they were growing more optimistic about the economy's progress and the employment picture heading forward. The index of sentiment rose to 73.5, from 65.7 in August.

The Commerce Department reported on Friday that sales of new homes rose 0.7 percent in August, hitting their highest level in almost a year. Sales rose to a seasonally adjusted annual rate of 429,000, largely because home sales increased the West.

Housing prices have shown some resiliency this year although in September, the median price of a new home fell to \$195,200, from \$215,600 a month earlier. The Federal Housing Finance Agency housing index is forecast to have increased 0.5 per cent in July, according to a survey of economists by Bloomberg. The index increased 0.5 per cent in June and 0.6 per cent in May.

The recovery is being attributed to a record high level of affordability, an \$8,000 tax credit for first-time buyers until the end of November and improving consumer confidence, said Michael Gregory, a senior economist with BMO Nesbitt Burns Inc.

Rising house prices are key for consumer spending. Studies indicate an increase in housing wealth has a larger impact on consumption than an increase in financial assets such as stocks, Derek Holt, vice-president, and Karen Cordes, financial markets economist, with Scotia Capital Inc. said in a report to clients. The U.S. Federal Reserve Board has estimated "that housing wealth was four times more powerful as a driver of gains in consumer spending than equity gains."

"What we are getting is a slow fragile recovery in U.S. housing," said Patricia Mohr, vice-president of industry and commodity research at the Bank of Nova Scotia. However, lumber inventories are at very low levels, sawmills have closed, logging contractors have gone out of business and log inventories are low, she said. "Potentially, you could get a big rally in lumber prices early next year."

Source: New York Times, Toronto Globe and Mail

Regional Updates

Neighboring Nebraska reports that market conditions are better for producers than at the start of the second quarter. However, stable pricing and increased continuity in business resulted from supply correction. A substantial portion of the supply adjustment stemmed from sawmill production idled for the summer months. Plans called for production to resume by fall in anticipation of better business performance. However, the market has not improved; demand is flat, and there are no indications that an upturn is imminent for the near-term. In a broad view, prices are holding steady, but include moderate upward and downward movement as determined by supply/demand imbalances.

Many suppliers are encouraged by a slight improvement in shipments of green and kiln dried hardwood lumber. Cautious purchasing by domestic and international secondary manufacturers and distributors has reduced inventories, not only at that end of the supply chain but throughout the hardwood supply pipeline. Sawmill operators lowered log inventories due to limited demand for developing lumber. As a result, many logging contractors exited the business, and landowners have delayed timber sales. Therefore, hardwood timber, log, and lumber supplies have contracted. Now, buyers are replenishing inventories, increasing orders and shipments. The uptick in purchasing has pressured green lumber pricing for certain species, grades, and thicknesses, though upward movement is mostly coming from the extreme low end. On the other hand, markets are soft for crossties and other industrial timber products, with activity confined to established buyer/seller business.

Tennessee notes that there is still not any real good news to report, lumber does appear to be moving at least, even though lumber prices remain low. There have been adjustments for some log species, such as Ash, that has increased for the upper grades. Pulpwood prices remain steady, with the paper market remaining poor. Ties have continued to decrease in price as yards fill up and some meet their quotas for the railroads. Some rails have stopped taking ties for this year as things slow down for them as well. Stave logs for the few stave mills continue to be good and steady, even though slower because of the warm weather and need to control inventory for stain and degrade problems. The industry has an amazingly positive attitude and is determined to hang in there and make it through these down markets.

Timber-Mart South notes that south-wide average stumpage prices decreased for all five major timber products for the second straight quarter. Again, four out of five prices were lower than one year ago. Market activity was very slow across the South.

Source: *Nebraska Timber Talk, Tennessee Forest Products Bulletin, Timber-Mart South*

Global Climate Change

At the current rate of deforestation, around one-third of the forest in Amazonas will have been lost by 2050, releasing a colossal 3.5 billion tons of carbon dioxide into the atmosphere. One idea for combating this problem is known as “avoided deforestation” or “reducing emissions from deforestation and degradation” (REDD). At the moment REDD is not so much a plan as a collection of proposals and some working schemes. The fate of the forests in Brazil, Indonesia, the Philippines and elsewhere around the world could hang on the success of this approach. But there will need to be substantial international commitments to reduce global emissions to create demand for the carbon offsets that REDD schemes can provide. This means a lot hangs on a deal being struck in December in Copenhagen, where countries will meet to negotiate a new climate treaty. REDD is high on the agenda, and governments and the private sector were urged to start investing in such schemes. There has also been talk of wrapping up carbon offsets into “forest bonds” to interest pension funds.

REDD funds come from the rich world, where governments and companies that cannot reduce their own emissions cheaply are prepared to pay others to reduce emissions on their behalf (as “carbon offsets”). Not cutting down trees in endangered areas prevents emissions that would otherwise have occurred, which gives untouched forest huge financial value—and provides people who live in the forest

Preventing deforestation is potentially one of the simplest ways to reduce global emissions. At the moment, carbon emissions from deforestation account for some 18% of global greenhouse-gas emissions, more than all the world’s trains, cars, trucks, airplanes and ships combined. Reducing deforestation and land-degradation will be vital if temperature increases are to be kept to within safe levels (generally assumed to mean no more than about a 6° increase). Some argue it would be a quicker and cheaper way of reducing emissions than many alternatives, such as weaning the world’s vehicle fleet off fossil fuels, forcing people to cut back on energy use or switching to low-carbon forms of power generation, such as wind farms and nuclear power. All those things will be necessary too, but they will take a long time, will require new technologies and cause controversies of their own.

Paying people to not chop down trees looks easy by comparison. It does not depend on any elaborate or costly new technology and is likely to be able to garner the required political support. Achim Steiner, the head of the UN’s environment program, thinks avoided deforestation should be an easy thing to sell. As well as reducing carbon emissions, keeping forests standing also protects soil from erosion, improves the quality of water, helps regulate rainfall and ensures biodiversity. “How on earth can we not afford to make this work?” he asks.

Source: *The Economist*



Missouri's forests are at a crossroads!

Missouri's trees and forests have the potential to play a pivotal role in many of the serious challenges society is currently facing – energy demand, water quality and climate change just to name a few. At the same time, Missouri's forests are under serious threat from a number of influencers, and available resources for addressing these threats are limited. In order to determine the best path forward, the Missouri Department of Conservation is currently embarking on an effort called the Missouri Forest Resource Assessment and Strategy (FRAS). Once completed, FRAS will include a comprehensive assessment of the key threats and opportunities facing Missouri's urban and rural forest resources, a vision for desired future forest conditions, and a road map for achieving this vision. The success of this effort depends on the involvement and collaboration of people like you.

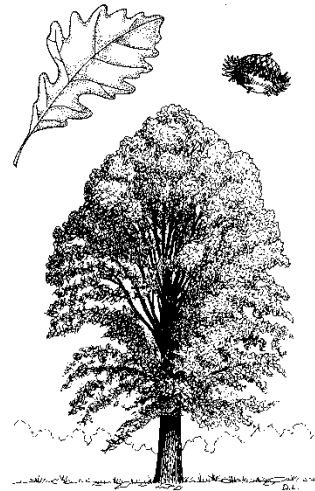
In order to fully understand the threats and opportunities facing Missouri's forest resources, it is important to first establish Desired Future Conditions (DFC's). By beginning with the end in mind, we can have a more clear vision for our goals, and a better understanding of the threats and opportunities for achieving this vision.

Early in the FRAS process, through internal deliberations and limited stakeholder collaboration we have come up with a list of 12 key Issue Themes, listed below. Please remember that the word "forest" is being used in the broadest of terms to include forests and woodlands in rural settings, and individual trees and forest patches in urban settings.

- Private Forest Landowner Demographic Trends and Corresponding Land Use Changes
- Challenges and Opportunities for Private Forest Land Owners
- Climate Change
- Maintaining High Quality Soil and Water Resources
- The Role of Fire in Missouri's Forests
- Missouri's Growth, Harvest and Consumption of Forest Products
- Exotic/Invasive Plants, Animals and Diseases
- The Role of Trees in Making Cities More Livable and Sustainable
- Public Lands which Provide Multiple Benefits to the Public
- Maintaining Biologically Diversity
- Public Awareness of Forests and their Benefits and Issues
- Legal, Institutional and Economic Considerations

Please check back with MDC as this planning process continues!

Source: Missouri Department of Conservation



Missouri Timber Price Trends tracks market prices for Stumpage. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. These reports should serve as a general guide to track stumpage prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters will be able to provide information on current, local market conditions. Details of all private sales and delivered prices are kept confidential.



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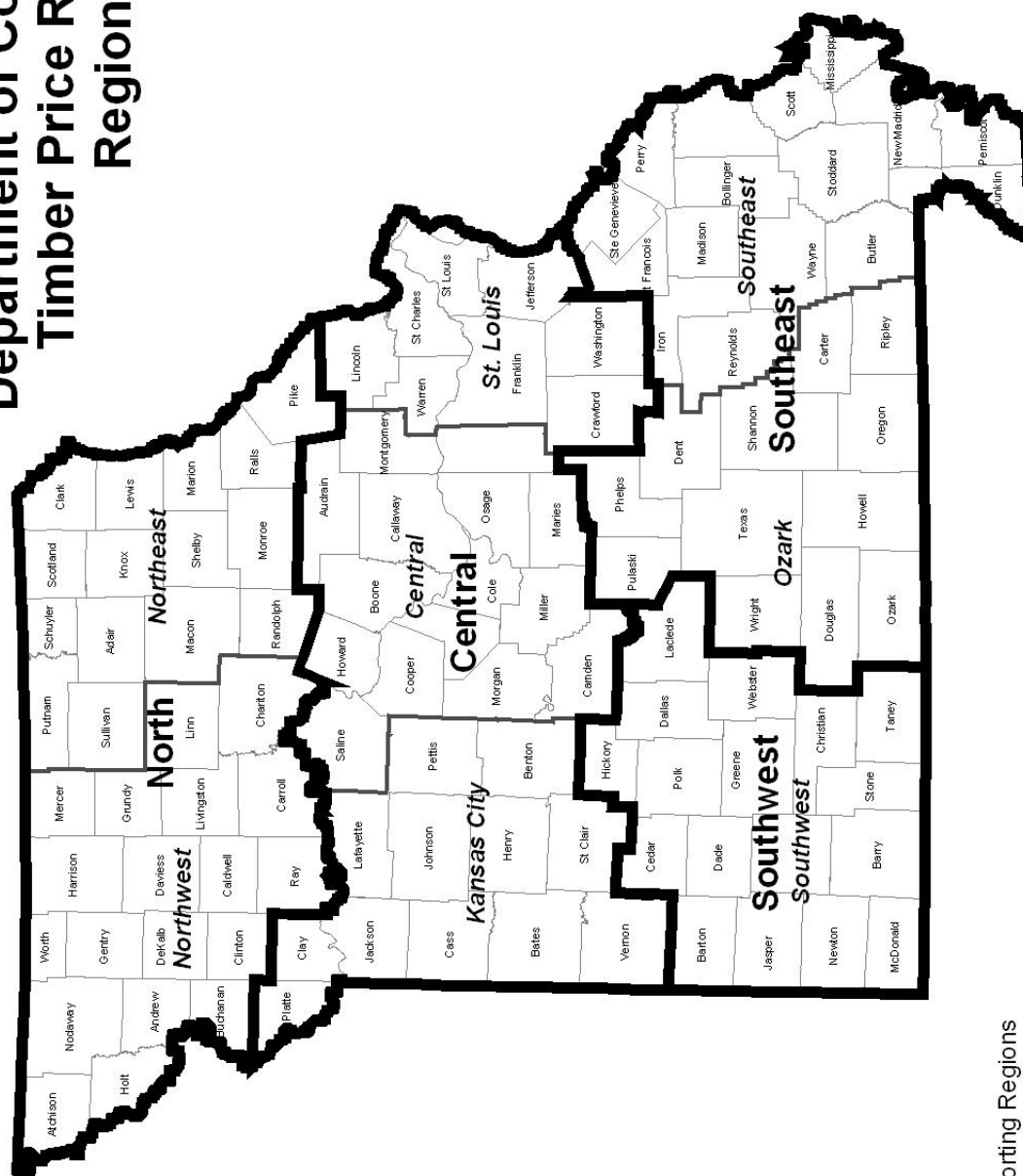
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